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SUBJECT: ACTING U/S ROOD'S NONPROLIFERATION MEETINGS WITH
GOJ OFFICIALS ON NOVEMBER 9, 2007

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Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 b,d

11. (C) Summary: Acting Under Secretary of State for Arms Control and International Security, John C. Rood, conducted a series of successful and substantive nonproliferation meetings with senior GOJ officials November 9 on the margins of the U.S.-Japan Commission on Arms Control, Disarmament, Non-Proliferation and Verification. Japan continues to be a strong partner in important nonproliferation areas of concern. On North Korea, Japan shares the U.S. view on the importance of a complete and correct declaration of North Korea's nuclear programs. Regarding the removal of the DPRK from the list of state sponsors of terrorism, at least one GOJ official noted that de-listing North Korea without progress on resolving the abductions issue could undermine U.S.-Japan relations. With respect to China,s expanding military modernization efforts and the lack of transparency provided by Beijing, GOJ officials agreed that China increasingly poses a security challenge. On Iran, Japan is in favor of a third UNSC sanctions resolution. Discussions on ballistic missile defense (BMD) revealed that Japan believes the program is critical to deterring potential actions by rogue states such as North Korea and Iran. However, one GOJ official commented that Japan would like to deepen cooperation so that in the future Japan will have &real8 joint BMD development with the U.S. The importance of Information Security and nuclear energy/security cooperation, including DOE/NNSA's Radiation Emergency Response Workshop, was also discussed. End Summary.

MOD Vice Minister Masuda: China Concerns and BMD Cooperation

12. (S) Acting U/S Rood,s discussion with Ministry of Defense Administrative Vice Minister Kohei Masuda focused on issues related to regional security. Stressing that China is Japan,s &main concern,8 Masuda said he felt it was important to understand the reasons behind China,s current military expansionism. Contrasting the current view of China

with the Cold War perception of the Soviet Union, Masuda noted it was hard to think of China as an enemy given Japan's economic ties with the country. He added he believes China may be heading down a path of (military) development that it can't slow down,8 and that China may not yet have fully considered the rationale for growing its military might.

¶3. (S) Noting that the United States also views China as a significant security challenge, Acting U/S Rood agreed that relations with China are complex. Acting U/S Rood highlighted the multi-dimensional U.S.-China relationship and said the United States, economic relationship with China helped mitigate conflict. Emphasizing that the United States is particularly concerned with the growth in China,s armed forces industrial infrastructure, U/S Rood said it would be imperative to manage China,s rise in military power. He added that the United States is experimenting on working with China on a number of strategic security issues, most notably Iran and North Korea, and said the recent progress in beginning disablement and Yongbyon would not have been possible without China. Acting U/S Rood conceded results have been somewhat mixed on strategic engagement with China, but said the process has helped produce important bilateral ties with senior Chinese officials.

¶4. (S) Turning to BMD, Acting U/S Rood said he was pleased with Japanese cooperation, emphasizing that it was an important element to take away the coercive capability of potential enemies and protect critical assets during the early stages of a conflict. Highlighting the December 2007 planned missile test by Japan, Acting U/S Rood noted that BMD added a new dimension to the U.S-Japan relationship. Masuda agreed on the importance of BMD, and stressed that he views the program as essential for deterring any potential actions by rogues states such as North Korea or Iran.8 He

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stressed, though, that he also viewed BMD as an important part of countering the growing military power of China. Masuda said he felt that the current BMD relationship was not truly joint development, noting that he saw the United States as having a deeper relationship with other countries on similar programs. He hoped that in the future Japan would be able to have real8 joint BMD development with the United States. Masuda said, however, that this might require a public-private partnership in order to overcome the hurdle8 of Japanese arms export laws.

¶5. (S) In closing, Acting U/S Rood stressed the U.S. concern over the Aegis information leak and said that the United States and Japan needed to work together to improve information security. Masuda said he was very concerned8 about the matter and noted that the Japanese government understood the critical importance of preventing leaks of confidential information. He added that improvement8 was

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needed on the Japanese side and said Japan would take the advice8 of the United States from the bilateral information security task force (BISTF) process.

MEXT Looking to Contribute to Radiation Emergency Response Workshop

¶6. (C) Ministry of Education, Culture, Sports and Technology (MEXT), Director General Yasutaka Moriguchi opened the discussion by highlighting the Ministry,s two major safety missions: the prevention of radiation injury to local citizens and detection of radiation levels released into the environment. Under this umbrella, MEXT regulates the usage of domestic radioactive isotopes and the safety of research reactors.

¶7. (C) After outlining MEXT's mission, Moriguchi segued to discussion of DOE,s Radiation Emergency Response Workshop.

He pointed out that several agencies should be involved because Japanese law requires all relevant GOJ entities to work together and provide a coordinated response in the event of an actual radiation emergency. Moriguchi explained the Cabinet Secretariat is responsible for leading the GOJ's interagency coordination on Emergency Response. Moriguchi stated that MEXT is studying how to contribute to the workshop in the areas related to MEXT's capabilities. MEXT can share the burden by measuring and analyzing radiation levels, developing a plan to quarantine and transport injured persons, and dispatching appropriate experts. MEXT works closely with a number of experts, namely the Japan Atomic Energy Agency, National Institute of Radiological Sciences and national universities. Experts from those institutions along with MEXT officials will be sent to affected areas to provide technical and medical advice as needed. Moriguchi ended the meeting by stating that a formal response on Japan's participation will be sent through diplomatic channels.

METI on Export Controls: Strict on Iran and Wary of India

18. (C) In his meeting with Ministry of Economy, Trade, and Industry (METI) Director General Tsuneyoshi Tatsuoka, Acting U/S Rood began by saying the United States is increasingly using financial measures to target nations such as Iran and the DPRK because of their effectiveness in bringing about concrete results. On October 25, the USG took financial actions against Iran's Revolutionary Guard Corporation and other entities, including three of Iran's top four banks and certain corporations and individuals. Given Iran's deceptive business practices, these measures aim to restrict Iran's ability to finance proliferation activities as well as to put pressure on Tehran to comply with its IAEA and UN Security Council commitments. Acting U/S Rood suggested the GOJ consider issuing an advisory on how Japanese industry can

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take precautions to ensure transactions do not support illicit activities. Acting U/S Rood reiterated Secretary Rice's message that "Now is not the time for business as usual with Iran."

19. (C) Tatsuoka stated METI takes a very strict approach on export controls with regard to Iran. Japan imports 12) 13 percent of its crude oil from Iran and disrupting that flow would have a large impact on the economy, Tatsuoka said. The GOJ will watch closely any developments in the International Atomic Energy Agency (IAEA) regarding the situation in Iran.

110. (C) The United States is also very concerned about nuclear security, particularly with regard to nuclear power plants and fuel storage sites, Acting U/S Rood continued. There will be a nuclear renaissance in the U.S. and around the world given rising oil prices and climate change concerns. Given terrorists' desire and efforts to acquire nuclear materials that can be used in an attack, in 2001 the U.S. launched the Global Initiative to Combat Nuclear Terrorism, which now has 62 participating countries. Acting U/S Rood stated the U.S. would like to work with Japan to host a workshop on nuclear security capacity building, and to establish a legal framework under which the two nations can share classified information in support of this objective.

111. (C) Tatsuoka relayed that the GOJ is most concerned about China and India being able to keep nuclear and dual-use technology secure. Tatsuoka said the Government of India has asked the GOJ to relax its export control regulations toward India so that India can import more sophisticated technology. METI remains skeptical, however, about India's export control regime and has not as yet relaxed those regulations. Tatsuoka stated he would travel to Delhi in late November to discuss this issue further with the GOI. Acting U/S Rood agreed while significant improvements have been made, more work needs to be done to bring India's export control and

proliferation trade regulations and ability to exercise effective controls up to international standards.

ACCS Ando: Cautions on Delisting and Wary of Chinese Business With Iran

¶12. (C) The Russian vice-foreign minister had expressed concerns to the Japanese about U.S.-Japan cooperation in BMD, according to Assistant Chief Cabinet Secretary Hiroyasu Ando.

U/S Rood noted the Russians had generally not complained about U.S. BMD initiatives with Japan in the past but had recently raised questions about possible placement of BMD facilities in the Czech Republic or Poland. In particular, the Russians did not want BMD sites to be located in former Warsaw Pact states that had now joined NATO. Ando said the Japanese response to Russian concerns had been to stress that U.S.-Japan BMD cooperation was not directed at Russia.

¶13. (C) Turning to the issue of North Korea, Ando stressed three points of concern which had also been relayed to A/S Hill during his visit to Japan the previous week. First, North Korea needed to complete disablement of Yongbyon's core nuclear facilities and to disclose their remaining facilities by the end of the year. Second, the United States should take into consideration reports of North Korean weapons transfers to Syria when reviewing the possibility of removing North Korea from the list of terrorism-sponsoring states. Third, the United States should understand that de-listing North Korea without progress on resolving the abductions issue would undermine U.S.-Japan relations.

¶14. (C) Acting U/S Rood indicated the United States believed disablement of the Yongbyon's core facilities would largely be completed by the end of the year, although in the interest of thoroughness, a few actions might require a bit more time. Some quick, if less complete measures, had already been

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taken to disable the facility. The USG has set aside about \$20 million to cover the initial cost of the disablement process. Acting U/S Rood added that the USG would likely ask Congress for additional funding and might also seek financial assistance from other countries as the disablement process moves forward. Ando responded he was not in a position to make a commitment, but that funding for disablement could be discussed.

¶15. (C) A full declaration of North Korea's remaining nuclear facilities, however, could be more difficult, Acting U/S Rood noted. The United States wanted to discuss a declaration with the North Koreans before December to clarify what the acceptable content of such a declaration should be. He acknowledged his own skepticism about North Korea's intentions to provide a complete and correct declaration, but added the only way to test those intentions is to move ahead with the disablement and declaration process and see what actions North Korea takes.

¶16. (C) Acting U/S Rood emphasized A/S Hill understands Japan's concerns about moving too quickly on removing North Korea from the list of state sponsors of terrorism, and reviewed the procedures by which a country is removed from the list. Acting U/S Rood explained that the President must notify Congress of his intent to remove a country from the state sponsor of terrorism list, and that upon receiving such notice, Congress has 45 days to undertake action preventing the removal. If no such action is taken, the President then has the authority to de-list, though he is not obligated to do so. Should the President wish to proceed with removing a country from the list, the Secretary of State executes that action on behalf of the President. Ando pressed for clarification of whether the final decision on removing North Korea from the list would fall to the President or to the Secretary of State. Acting U/S Rood replied that, while the

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Secretary of State formally takes the action to remove a

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country, in the case of North Korea this would be done with the approval of the President.

¶17. (C) Ando observed Chief Cabinet Secretary Nobutaka Machimura had raised the abduction issue with Defense Secretary Gates the previous day (November 8) and added the

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issue remains of great importance to Machimura, Prime Minister Fukuda, and other members of the Cabinet.

¶18. (C) Acting U/S Rood highlighted U.S. concerns about the direction of events in Iran. Although Iran had probably overstated their development of nuclear technology in an attempt to convince other countries that any efforts to block the program would be futile, progress nevertheless is continuing. In particular, further progress in enrichment technology would put Iran on the "glide path" toward a nuclear weapon. This was the reason behind the United States' diplomatic effort regarding the Iranian nuclear program, U/S Rood indicated.

¶19. (C) At present, however, Iran has not felt the need to come to the negotiating table, the Acting Under Secretary observed. In fact, political factions in Iran had hardened their positions on the nuclear program. This situation contributed to the U.S. decision to take financial measures against Iran as a way to increase pressure on Tehran to comply with its IAEA and UN Security Council commitments. Acting U/S Rood emphasized the United States. would have liked to deal with this question through the United Nations Security Council but Russian and Chinese opposition had bogged down that channel, with differences on the content of a possible Security Council resolution still under debate.

¶20. (C) The new U.S. financial sanctions on Iran, Acting U/S Rood stated, were the largest imposed by the United States since the Iranian Revolution in 1979. Most notably, the sanctions endeavored to target institutions related to Iran's

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Revolutionary Guard, an element involved in weapons proliferation and support for terrorism. Acting U/S Rood expressed hope that Japan would adopt similar financial measures against Iran and noted other major states such as France and the United Kingdom were considering sanctions of their own. He stressed action by just those few countries that possess major financial centers could have a significant impact on the Iranian government.

¶21. (C) Ando responded Japan has fully implemented the relevant U.N. sanctions against Iran and will continue to do so despite the economic impact on Japan, which imports over ten percent of its oil from Iran. Noting China appeared to have been taking advantage of the fuel situation, however, he asked whether the U.S. had engaged the Chinese on the problems with Iran. Acting U/S Rood affirmed that the United States had discussed Iran with the Chinese, albeit with mixed results. The U.S. efforts now centered on convincing the Chinese not to engage in "business as usual" with Iran. Treasury U/S Levey would be meeting with the Chinese in the near future to convey U.S. concerns, he added.

¶22. (C) Ando queried whether the United States had any information regarding possible nuclear cooperation between Iran and North Korea. Acting U/S Rood indicated no evidence had been found of exchanges on nuclear or associated technology between the two countries despite longstanding and ongoing cooperation on missile development. He also reaffirmed the President's statement last year that any transfer of nuclear technology by North Korea would be seen as a grave threat to the United States, and that North Korea

would be held accountable for any such action taken.

¶23. (U) This cable was delayed in order to obtain Acting Under Secretary Rood's clearance.
SCHIEFFER